

AMENDED IN ASSEMBLY JULY 1, 2005

AMENDED IN ASSEMBLY JUNE 22, 2005

AMENDED IN SENATE MAY 2, 2005

AMENDED IN SENATE APRIL 11, 2005

**SENATE BILL**

**No. 769**

**Introduced by Senator Simitian**

February 22, 2005

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An act to amend and repeal Section 399.4 of, and to add ~~Section 382.5 to~~ *and repeal Section 382.5 of*, the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 769, as amended, Simitian. Energy Reliability and Affordability Act: energy-efficient refrigerators.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under the Public Utilities Act, the commission requires electrical corporations to identify a separate rate component to fund programs that enhance system reliability and provide in-state benefits. The funds are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources.

Existing law requires the commission, in evaluating energy efficiency investments under its existing statutory authorities, to ensure that no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

This bill would delete that refrigerator purchase restriction and would, instead, establish the Energy Reliability and Affordability Act ~~until January 1, 2012, which would become operative on July 1, 2006,~~ to increase energy reliability and affordability by reducing the demand for energy by ratepayers residing in low-income residential rental units. The goal of the program would be to expand existing refrigerator replacement programs by replacing a minimum of ~~50,000~~ 20,000 energy inefficient refrigerators, as defined, in low-income residential rental units each year *over the 5-year life of the program*. The bill would require the commission to evaluate the targeted number of refrigerators to be replaced through the program in consideration of certain factors, and to establish a refrigerator replacement program to, among other things, provide incentives to owners of low-income rental residential units with energy-inefficient refrigerators to replace those refrigerators with more energy-efficient models. The bill would require the commission to adopt guidelines and regulations to implement the act. Because a violation of those guidelines or regulations would be a crime under existing law, this bill would impose a state-mandated local program by creating new crimes.

The bill would require the commission to annually prepare and submit to the Legislature a report containing specified information about the effectiveness of the program, as specified.

*The bill would make the Energy Reliability and Affordability Act provisions inoperative on July 1, 2011, and would repeal the act as of January 1, 2012.*

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 382.5 is added to the Public Utilities
- 2 Code, to read:
- 3 382.5. (a) This section shall be known, and may be cited, as
- 4 the Energy Reliability and Affordability Act. The purpose of the

1 act is to increase energy reliability and affordability by reducing  
2 the demand for energy by residential customers in low-income  
3 residential rental units.

4 (b) The Legislature finds and declares all of the following:

5 (1) In California, refrigerators consume more energy than any  
6 other household appliance and consume more energy than any  
7 other residential use besides lighting.

8 (2) Replacing energy-inefficient refrigerators in low-income  
9 residential rental units will greatly benefit all ratepayers by  
10 reducing overall energy demand and reducing California  
11 Alternate Rates for Energy (CARE) program expenditures.

12 (3) Replacing energy-inefficient refrigerators in low-income  
13 residential rental units will further benefit those ratepayers by  
14 directly reducing their energy bills.

15 (4) Reducing energy consumption will reduce air pollution,  
16 thus improving public health and the environment and reducing  
17 health care costs. Reducing air pollution will increase the quality  
18 of life for all Californians.

19 (5) The average first use lifespan of a refrigerator is 19 years,  
20 and the average age of the refrigerator fleet in California is 11  
21 years.

22 (6) Federal standards for refrigerators have greatly increased  
23 the energy efficiency of new models over the past decade.

24 (7) The United States Department of Energy and the United  
25 States Environmental Protection Agency established the Energy  
26 Star program in 1992 to identify and promote energy-efficient  
27 products to reduce greenhouse gas emissions. Energy Star  
28 qualified refrigerators use at least 15 percent less energy than  
29 required by current federal energy efficiency standards, and 40  
30 percent less energy than the conventional models sold in 2001.  
31 New Energy Star certified refrigerators require about half as  
32 much energy as models manufactured before 1993.

33 (8) Owners of low-income residential rental housing units  
34 have no incentive to replace older, energy-inefficient  
35 refrigerators because renters, rather than the owners, typically are  
36 the responsible party for the payment of energy bills incurred in  
37 those rental units.

38 (9) In the service territories of California's electrical  
39 corporations, approximately two million households have a

1 combined household income equivalent to, or less than, 175  
2 percent of the federal poverty level.

3 (c) As used in this section, the following terms have the  
4 following meanings:

5 (1) “Certified appliance recycler” means a person or entity  
6 engaged in the business of removing and properly managing  
7 materials that require special handling from discarded major  
8 appliances, and who is certified pursuant to Section 25211.4 of  
9 the Health and Safety Code. “Certified appliance recycler” does  
10 not include a person described in subdivision (b) of Section  
11 25211.2 of the Health and Safety Code.

12 (2) “Energy efficient refrigerators” means those refrigerator  
13 models that meet the most current United States Department of  
14 Energy efficiency standard, and that have also received the  
15 Energy Star certification.

16 (3) “Energy-inefficient refrigerators” means those models that  
17 do not meet the most current United States Department of Energy  
18 efficiency standard.

19 (4) “Energy Star” means those models of refrigerators that are  
20 certified through the United States Department of Energy/United  
21 States Environmental Protection Agency Energy Star program.

22 (5) “Low income” means those individuals and households  
23 who qualify for assistance under the low-income energy  
24 efficiency program guidelines established by the commission.

25 (6) “Low-income energy efficiency” or “LIEE” programs  
26 means the energy efficiency and expenditure reducing programs  
27 for low-income electricity ratepayers established pursuant to  
28 Section 382.

29 (7) “Owner of a low-income residential rental unit” means the  
30 owner of record of any property occupied by a low-income  
31 individual or household for residential purposes.

32 (d) (1) The goal of the program established pursuant to this  
33 section is to expand existing refrigerator replacement programs  
34 ~~by replacing a minimum of 50,000, starting July 1, 2006, by~~  
35 ~~replacing a minimum of 20,000~~ energy-inefficient refrigerators in  
36 low-income residential rental units each year, *for a total of*  
37 *100,000 new refrigerators over the five year life of the program,*  
38 in addition to those refrigerators targeted for replacement through  
39 the current LIEE program. These refrigerators shall be replaced

1 consistent with the guidelines for the LIEE program established  
2 pursuant to Section 382.

3 *(2) If, in any year, the goal of replacing 20,000*  
4 *energy-inefficient refrigerators in low-income residential rental*  
5 *units is not met, the goal in the following year shall be increased*  
6 *by the unmet amount, so that the goal of replacing 100,000*  
7 *energy-inefficient refrigerators in low-income residential rental*  
8 *units is met by June 30, 2011.*

9 (e) The commission shall evaluate the targeted number of  
10 refrigerators to be replaced through the Energy Reliability and  
11 Affordability Act, concurrent with energy efficiency potential  
12 assessments, and may adjust upward the targeted number of  
13 refrigerators to be replaced through evaluations of CARE  
14 program expenditures avoided, bill defaults avoided, other cost  
15 avoidance benefits, the cost effectiveness of reducing overall  
16 energy demand, and the cost effectiveness of reducing the energy  
17 bills of low-income ratepayers and other factors the commission  
18 determines are material. The refrigerator program adopted by the  
19 commission pursuant to this act shall do all of the following:

20 (1) Provide sufficient incentives to owners of low-income  
21 residential rental units with energy-inefficient refrigerators to  
22 replace those refrigerators with energy-efficient models.

23 (2) Require that incentives are only made available to owners  
24 of low-income residential rental units upon proof of purchase of  
25 the energy-efficient refrigerator and proof that the inefficient  
26 refrigerator is in the control of a certified appliance recycler.

27 (3) Require that all replaced inefficient refrigerators are  
28 operating condition.

29 (4) Require that all replacement refrigerators are  
30 energy-efficient refrigerators.

31 (5) Prohibit any inefficient refrigerator replaced as part of this  
32 program from being refurbished or reused.

33 (6) Require the recycling of all recyclable components of all  
34 replaced inefficient refrigerators and the capture and proper  
35 management of chlorofluorocarbons, oils, and other materials  
36 harmful to human health and to the environment.

37 (7) Prioritize the replacement of the least efficient refrigerators  
38 consistent with the existing low-income energy efficiency  
39 refrigerator replacement program guidelines.

1 (f) The commission shall adopt guidelines and regulations to  
2 accomplish the purposes of this section.

3 (g) The commission shall consider cost effectiveness when  
4 adopting guidelines or regulations for the program, but shall give  
5 higher priority to reducing the energy costs borne by persons  
6 who can least afford high energy bills.

7 (h) The commission may administer the program under the  
8 guidelines for an electrical or gas corporation to perform home  
9 weatherization services for low-income customers adopted  
10 pursuant to Section 2790, or pursuant to the guidelines and  
11 regulations adopted pursuant to subdivision (f).

12 (i) The commission shall annually prepare and submit to the  
13 Legislature a report, which may be included in the assessment  
14 required in Section 382, incorporating all of the following  
15 information:

16 (1) The number of rental units in which refrigerators have  
17 been replaced pursuant to this section.

18 (2) The average age of the refrigerators replaced pursuant to  
19 this section.

20 (3) An estimate of the remaining number of eligible rental  
21 units that are in need of refrigerator replacement in the service  
22 territories of the electrical corporations.

23 (4) An estimate of the energy savings per participating  
24 household.

25 (5) An estimate of the energy savings for the program as a  
26 whole.

27 (6) A diagram indicating the general areas where refrigerator  
28 replacements have occurred and areas targeted for future  
29 refrigerator replacement.

30 (7) An assessment of the administrative and programmatic  
31 costs of the program designed pursuant to this section.

32 (8) An estimate of the CARE program funds saved as a result  
33 of the program.

34 (9) A description of any recommended program modifications  
35 for the following fiscal year.

36 ~~(j) This section shall remain in effect only until January 1,~~  
37 ~~2012, and as of that date is repealed, unless a later enacted~~  
38 ~~statute, that is enacted before January 1, 2012, deletes or extends~~  
39 ~~that date.~~

1     (j) *This section shall become inoperative on July 1, 2011, and,*  
2     *as of January 1, 2012, is repealed, unless a later enacted statute*  
3     *that is enacted before January 1, 2012, deletes or extends the*  
4     *dates on which it becomes inoperative and is repealed.*

5     SEC. 2. Section 399.4 of the Public Utilities Code, as added  
6     by Section 4 of Chapter 1050 of the Statutes of 2000, is amended  
7     to read:

8     399.4. (a) (1) In order to ensure that prudent investments in  
9     energy efficiency continue to be made that produce cost-effective  
10    energy savings, reduce customer demand, and contribute to the  
11    safe and reliable operation of the electric distribution grid, it is  
12    the policy of this state and the intent of the Legislature that the  
13    commission shall continue to administer cost-effective energy  
14    efficiency programs authorized pursuant to existing statutory  
15    authority.

16    (2) As used in this section, the term “energy efficiency”  
17    includes, but is not limited to, cost-effective activities to achieve  
18    peak load reduction that improve end-use efficiency, lower  
19    customers’ bills, and reduce system needs.

20    (b) The commission, in evaluating energy efficiency  
21    investments under its existing statutory authorities, shall also  
22    ensure that local and regional interests, multifamily dwellings,  
23    and energy service industry capabilities are incorporated into  
24    program portfolio design and that local governments,  
25    community-based organizations, and energy efficiency service  
26    providers are encouraged to participate in program  
27    implementation where appropriate.

28    SEC. 3. Section 399.4 of the Public Utilities Code, as added  
29    by Section 4 of Chapter 1051 of the Statutes of 2000, is repealed.

30    SEC. 4. No reimbursement is required by this act pursuant to  
31    Section 6 of Article XIII B of the California Constitution because  
32    the only costs that may be incurred by a local agency or school  
33    district will be incurred because this act creates a new crime or  
34    infraction, eliminates a crime or infraction, or changes the  
35    penalty for a crime or infraction, within the meaning of Section  
36    17556 of the Government Code, or changes the definition of a  
37    crime within the meaning of Section 6 of Article XIII B of the  
38    California Constitution.